

**STATE AGENCY ACTION REPORT
ON APPLICATIONS FOR CERTIFICATE OF NEED**

A. PROJECT IDENTIFICATION

1. Applicant/CON Action Number

JDM Health Services, LLC/CON #10579

124 Peters Court
Freeport, Florida 32439

Authorized Representative: S. Duane Gallagher
Manager
(850) 830-6355

PruittHealth – Okaloosa County, LLC/CON #10580

1626 Jeurgens Court
Norcross, Georgia 30093

Authorized Representative: Neil L. Pruitt, Jr.
Chairman and Chief Executive Officer
(678) 533-6699

2. Service District/Subdistrict

District 1/Subdistrict 1-2 (Okaloosa County)

B. PUBLIC HEARING

A public hearing was not held or requested regarding either of the proposed projects.

Letters of Support

JDM Health Services, LLC (CON application #10579) includes a very large number of unduplicated letters of support. The Agency received independently a few letters of support, for this project. Some of the support letters are individually composed and some are of a form letter variety. The CON application #10579 letters of support submitted by the applicant are divided into the following categories: Air Force Enlisted

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Village¹, health care providers/practitioners, local government representatives and other. The letters of support indicate that the proposal is broadly endorsed in light of the following stated factors:

- The community really needs the additional capacity
- The reputation of Mr. Gallagher, his leadership team and his current facility, The Manor at Blue Water Bay in Niceville (MBWB), is exceptional
- There is a need for both short-term rehabilitation and long-term care, especially for Veterans and disabled military retirees
- Mr. Gallagher is actively engaged in the community and personally accountable to patients, their families and their physicians—he is a recognized lead in the community
- Patients and their families have received excellent results and have bestowed high praise toward MBWM
- Mr. Gallagher’s team at MBWM during the most recent national disaster – Hurricane Michael – reflected a deep commitment to the community which enabled safe evacuation in the greatest time of need
- MBWM affords continuity of care by providing adequate training, mentoring and recompense to his caregiving staff

Some of the letters of support are noted from:

- George Gainer, State Senator, 2nd District, The Florida Senate
- Mel Ponder, State Representative, District 4, The Florida House of Representatives
- Okaloosa County, Florida
 - Carolyn N. Ketchel, LCSW, County Commissioner-District 2 (30-year resident and Board Member, Air Force Enlisted Village)
 - Larry Ashley, Sheriff
 - JD Peacock II, Clerk of the Circuit Court and Comptroller
 - John Hofstad, Administrator
 - Nathan Sparks, CEcD, Executive Director, Economic Development Council
- Okaloosa County, Florida School District
 - Dr. Diane Kelley, District 5, School Board Member and Owner of Priority Professional Development

¹ According to the website <https://afev.us/>, the Air Force Enlisted Village is a nonprofit organization whose core mission is to provide a safe, secure home for surviving spouses of retired enlisted U.S. Airmen. Located along the [beautiful Emerald Coast of northwest Florida](#) in [Shalimar](#) near [Eglin Air Force Base](#) and [Hurlburt Field](#), apartments are available at [Bob Hope Village](#), an independent living community, and at [Hawthorn House](#), an assisted living and memory support residence located on the Bob Hope Village campus. According to the same website, the Air Force Enlisted Village is one of the four official charities of the [U.S. Air Force](#) that benefits from the [Air Force Assistance Fund](#) campaign.

- City of Niceville
 - Randall Wise, Mayor
 - Lannie L. Corbin, City Manager
- Town of Shalimar
 - Mark Franks, Mayor
- Mitch Mongell, FACHE, Chief Executive Officer, Fort Walton Beach Medical Center
- David A. Whalen, FACHE, Chief Executive Officer, Twin Cities Hospital
- Amanda Ardery, Director of Post-Acute Care, HCA North Florida Division

PruittHealth – Okaloosa County, LLC (CON application #10580)

includes numerous unduplicated and individually composed letters of support. The applicant provides the originals of its letters of support in Tab 4 of the application. The letters of support indicate that the proposal is broadly endorsed in light of the following stated factors:

- PruittHealth has operated for approximately the last 50 years and is a reputable and stable provider of high quality long-term care services
- PruittHealth – Santa Rosa has been an excellent/unparalleled provider of long-term care services for the Santa Rosa community
- PruittHealth – Santa Rosa has won a number of prestigious awards, including the Governor’s Gold Seal²
- Alzheimer’s disease has become a leading cause of death in the community and PruittHealth’s commitment to a dedicated/secured 16-bed Alzheimer’s unit (with associated programming) is a resource that is highly needed, with this type of service being a void in the area
- Bariatric suites, as proposed, are highly needed in the area
- Private beds for aging seniors in the area, discharged from area hospitals, are virtually non-existent and so the PruittHealth proposal for 100 percent all-private rooms to accommodate this particular population, is excellent
- Recently, one of PruittHealth-Santa Rosa’s CNAs, Tammie Moore, was awarded CNA of the Year by the Florida Health Care Association³

Letters of support are noted from:

- Doug Broxson, State Senator, District 1, The Florida Senate
- Richard A. Rynearson, Mayor, City of Fort Walton Beach

² According to the Agency website

<https://www.floridahealthfinder.gov/facilitylocator/FacilityProfilePage.aspx?id=142068>, PurittHealth-Santa Rosa is currently not a holder of the Governor’s Gold Seal. For other information about quality regarding the proposed PruittHealth Okaloosa County, LLC’s existing and adjacent SNF PruittHealth-Santa Rosa, see item E.3.b. of this report.

³ The reviewer notes that no year of award issuance is indicated.

- Roger Hall, Regional President, Sacred Heart Health System/Asension Health-Sacred Heart Hospital on the Emerald Coast, Sacred Heart Hospital on the Gulf
- Lida Deonarine, Chief Quality Officer, North Okaloosa Medical Center
- Jeff Mislevy, President & CEO, Covenant Care⁴
- Michael R. Morris, RN, BSN, Administrator, Regency Hospice of Northwest Florida, Inc. – a Curo/Kindred hospice provider⁵
- Gary Owens, Executive Director, Northwest Florida Rural Health Network
- Amber P. McCool, Executive Director, Northwest Florida Area Agency on Aging

C. PROJECT SUMMARY

JDM Health Services, LLC (CON application #10579), also referenced as the JDMHS or the applicant, is a newly formed, development stage, for-profit Florida entity that proposes to construct a new 84-bed community nursing home in Subdistrict 1-2 (Okaloosa County).

The reviewer notes that the JDMHS's 84-bed need was achieved by aggregating the 25-bed published need from Subdistrict 1-1 (Escambia and Santa Rosa Counties) and adding this aggregation to the 59-bed published need in contiguous Subdistrict 1-2 (Okaloosa County). The reviewer indicates that JDMHS proposes to placement of the skilled nursing facility (SNF) in the subdistrict with the greatest numeric need – Subdistrict 1-2. The reviewer notes that this proposal is consistent with Rule 59C-1.036(3)(e)1., Florida Administrative Code.

JDMHS states a proposed project location in ZIP Code 32579⁶. JDMHS points out that the Shalimar area (Okaloosa County) contains an independent and assisted living retirement community (the Air Force Enlisted Village) and that the applicant plans a location proximate to this concentration of seniors.

⁴ The reviewer notes that per the Agency's Florida Hospice Projections for Hospice Programs publication, issued March 29, 2019, for calendar year (or CY) 2018, Covenant Hospice, Inc., had a total of 3,995 hospice admissions, with 140 nursing home patients, as of July 1, 2018.

⁵ The reviewer notes that per the Agency's Florida Hospice Projections for Hospice Programs publication, issued March 29, 2019, for CY 2018, Regency Hospice of Northwest Florida, Inc. had a total of 619 hospice admissions, with 39 nursing home patients, as of July 1, 2018.

⁶ The reviewer notes that according to the United States Postal Service website <https://tools.usps.com/zip-code-lookup.htm?citybyzipcode>, the recommended city assignment for ZIP Code 32579 is Shalimar, Florida.

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Mr. S. Duane Gallagher, the authorized representative of JDMHS, owns/operates a Florida SNF in Subdistrict 1-2 and manages a Florida SNF in Subdistrict 2-2:

- The Manor at Blue Water Bay (Subdistrict 1-2)
- Community Health and Rehabilitation Center (Subdistrict 2-2)

The total project cost is \$17,193,800. The project includes 55,521 gross square feet (GSF) of new construction. The total construction cost is \$10,283,500. The project cost includes land, building, equipment, project development, financing and start-up costs.

The applicant expects issuance of license in January 2022 and initiation of service in January 2022.

JDMHS includes the following Schedule C Conditions, stating that the proposed 84-bed community nursing home shall:

- 1. Locate within the Shalimar zip code, 32579, proximate to the Air Force Enlisted Village, a retirement community of independent and assisted living residences.**
- 2. Contain two bariatric rooms.**
- 3. Provide a Parkinson's disease program.**
- 4. Offer 48 private rooms.**
- 5. Contain an Activities of Daily Living suite within the Therapy Department.**

PruittHealth – Okaloosa County, LLC (CON application #10580), also referenced as PHOC or the applicant, is a newly formed, development stage, for-profit Florida entity that proposes to construct a new 84-bed all private room SNF in Subdistrict 1-2 (Okaloosa County).

The reviewer notes that the PHOC's 84-bed need was achieved by aggregating the 25-bed published need from Subdistrict 1-1 (Escambia and Santa Rosa Counties) and adding this aggregation to the 59-bed published need in contiguous Subdistrict 1-2 (Okaloosa County). The reviewer also notes that PHOC states placement of the proposed project in the subdistrict with the greatest numeric need – Subdistrict 1-2. The reviewer notes that this proposal is consistent with Rule 59C-1.036(3)(e)1., Florida Administrative Code.

Other than locating in Okaloosa County, PHOC offers no more precise or approximate project location. The applicant maintains that the planned proposal is indicated to be similar in function, style and technology to PruittHealth-Panama City and PruittHealth-Fleming Island.

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The ultimate parent is United Health Services, Inc. (UHS) which is the parent to more than 100 SNFs and assisted living facilities (ALFs). PruittHealth, Inc. (PH) will provide all administrative related services to PHOC. PH was formed in 1969 in the State of Georgia and currently operates SNFs in the following states: Florida, Georgia, North Carolina and South Carolina. Specific to Florida, PH currently operates the following Florida SNFs:

- PruittHealth - Santa Rosa in Santa Rosa County
- PruittHealth - Panama City in Bay County
- PruittHealth - Fleming Island in Clay County⁷

PruittHealth has the following CON approved community nursing home projects pending licensure as of May 24, 2019:

- PruittHealth - Panama City (CON #10528) to add 24 beds to its facility
- PruittHealth - Escambia, LLC (Exemption #E180033) combining CON #10505 (75 beds) and CON #10527 (45 beds) for a 120-bed facility
- PruittHealth - Santa Rosa has (Exemption #E170020) to delicense 11 beds as part of the 75 beds approved for CON#10505 (see Exemption #E180033 above)
- PruittHealth - Southwood (CON #10529) for a 101-bed facility in Leon County
- PruittHealth - Hillsborough County, LLC (CON #10509P) for an 84-bed community nursing home

The total project cost is \$21,037,554. The project includes 76,785 GSF of new construction. The total construction cost is \$12,712,770. The project cost includes land, building, equipment, project development, financing and start-up costs.

The applicant expects issuance of license in March 2022 and initiation of service in April 2022.

PHOC includes the following Schedule C Conditions:

Location:

1. Okaloosa County, Subdistrict 1-2, Florida

Programing/Operational Conditions:

2. All 84 patient beds will be in private patient rooms.
3. All patient bathrooms will be handicap accessible.
4. Facility will feature a 16-bed Alzheimer's disease secure unit.
5. Incorporate two bariatric rooms/beds into the facility design.

⁷ PruittHealth - Panama City (77-beds) and PruittHealth - Fleming Island (97-beds) were licensed on 12/14/18 and 4/5/19, respectively. PruittHealth has been the licensee for PruittHealth - Santa Rosa (120 beds), since 1/31/03. PruittHealth - Santa Rosa has a conditional license effective 3/27/19.

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6. Seek Joint Commission accreditation or accreditation from some other similarly recognized accrediting body.
7. Implement a program designed to reduce hospital re-admissions; the current program utilized by PruittHealth affiliated facilities is INTERACT 3.0. The program to be implemented will be this program or other similarly designed program based on the most recent quality driven program PruittHealth determines to be available at the time of implementation.
8. Participate in an organization-wide Quality Assurance/Performance Improvement initiative that entails quarterly visits in regard to clinical, operational, pharmaceutical, and reimbursement areas by corporate consultants to ensure compliance with all local, state and federal laws.
9. Provide the It's Never 2 Late® (iN2L) computer system to residents of the Alzheimer's unit as a tool to empower and engage seniors, specifically those with dementia. Each resident can have his or her individual page on the system, which displays their favorite personal options: music, games, photos and videos, even websites, at their fingertips.
10. Have at least one Certified Dementia Practitioner on staff on the Alzheimer's unit per shift.
11. Implement Electronic Medical Records (EMR) at the facility, and include Smart Charting or other similar bedside patient charting tool.
12. Implement Resident Safety Technology including Call Guard and WanderGuard into the facility.
13. Implement Clinical Kiosks in appropriate locations throughout the facility.
14. Assure all staff maintains ongoing training and continuing education credits utilizing Pruitt University and at no cost to the employees.
15. Participate in a company-wide Annual Quality Report to demonstrate transparency in operations and make this Quality Report available to the public.
16. Adopt the PruittHealth patient model of care including the applicable PerfectPath Programs appropriate for this facility and described in the CON application and Supporting Documents.
17. Implement PointRight Technology (or a future similar technology) in the ongoing operations.
18. In addition to complying with Florida Emergency Management Plans and Operations Center as required by the State of Florida, the Applicant will adopt PruittHealth's policies related to natural disasters and hurricanes will implement the PruittHealth Hurricane Response Plan and be an active participant in PruittHealth's Central Command Center when severe weather events arise.

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Note: Should any project be approved, the applicant’s proposed conditions would be reported in the annual condition compliance report as required by Rule 59C-1.013 (3) Florida Administrative Code. Section 408.043 (4) Florida Statutes states that “Accreditation by any private organization may not be a requirement for the issuance or maintenance of a certificate of need under ss. 408.031-408.045, Florida Statutes.” The Agency will not impose conditions on already mandated reporting requirements.

Issuance of a CON is required prior to licensure of certain health care facilities and services. The review of a CON application and ultimate approval or denial of a proposed project is based upon the applicable statutory criteria in the Health Facility and Services Development Act (408.031-408.045, Florida Statutes) and applicable rule criteria within Chapters 59C-1 and 59C-2, Florida Administrative Code. An approved CON does not guarantee licensure of the proposed project. Meeting the applicable licensure requirements and licensure of the proposed project is the sole responsibility of the applicant.

Co-Batched CON Application #s 10579 and 10580: Total GSF and Project Cost					
Applicant	CON App. #	Project	GSF	Cost (\$)	Cost Per Bed (\$)
JDM Health Services, LLC	10579	Construct a New 84-Bed Community Nursing Home	55,521	\$17,193,800	\$204,688
PruittHealth-Okaloosa County, LLC	10580	Establish a New 84-Bed Community Nursing Home	76,785	\$21,037,554	\$250,447

Source: Schedules 1 and 9, CON application #s 10579 and 10580

D. REVIEW PROCEDURE

The evaluation process is structured by the certificate of need review criteria found in Section 408.035, Florida Statutes; and applicable rules of the State of Florida, Chapters 59C-1 and 59C-2, Florida Administrative Code. These criteria form the basis for the goals of the review process. The goals represent desirable outcomes to be attained by successful applicants who demonstrate an overall compliance with the criteria. Analysis of an applicant's capability to undertake the proposed project successfully is conducted by evaluating the responses and data provided in the application, and independent information gathered by the reviewer.

Applications are analyzed to identify strengths and weaknesses in each proposal. If more than one application is submitted for the same type of project in the same district, applications are comparatively reviewed to determine which applicant(s) best meets the review criteria.

Rule 59C-1.010(3)(b), Florida Administrative Code, prohibits any amendments once an application has been deemed complete. The burden of proof to entitlement of a certificate rests with the applicant. As such, the applicant is responsible for the representations in the application. This is attested to as part of the application in the Certification of the Applicant.

As part of the fact-finding, the consultant, Steve Love, analyzed the application, with consultation from the financial analyst, Derron Hillman, of the Bureau of Central Services, who evaluated the financial data and Scott Waltz of the Office of Plans and Construction, who reviewed the application for conformance with the architectural criteria.

E. CONFORMITY OF PROJECT WITH REVIEW CRITERIA

The following indicate the level of conformity of the proposed project with the criteria and application content requirements found in Florida Statutes, sections 408.035 and 408.037; applicable rules of the State of Florida, Chapter 59C-1 and 59C-2, Florida Administrative Code.

1. Fixed Need Pool

a. Does the project proposed respond to need as published by a fixed need pool? Or does the project proposed seek beds or services in excess of the fixed need pool? Rule 59C-1.008 (2), Florida Administrative Code.

In Volume 45, Number 62, of the Florida Administrative Register dated March 29, 2019, need for 59 community nursing home beds was published in the fixed need pool for Subdistrict 1-2 for the January 2022 Planning Horizon.

After the application deadline for the April 2019 Other Beds and Programs Batching Cycle, May 15, 2019, there were no exemption requests or expedited certificate of need applications submitted to add community nursing home beds or establish new community nursing home facilities. Agency records indicate no approved community nursing home beds or projects are on file for Subdistrict 1-2, Okaloosa County.

Below is a table illustrating utilization in Subdistrict 1-2, Okaloosa County from January 2018 – December 2018.

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**Okaloosa County (Subdistrict 1-2)
January 2018 – December 2018
Community Bed Inventory, Bed Days, Patient Days and Utilization**

Facility	Community Bed Inventory	Bed Days	Patient Days	Utilization
Okaloosa County				
Crestview Rehabilitation Center, LLC	180	65,700	51,081	77.75%
Destin Healthcare and Rehabilitation Center	119	43,435	41,591	95.75%
Emerald Coast Center	120	43,800	37,496	85.61%
Fort Walton Rehabilitation Center, LLC	120	43,800	36,317	82.92%
Manor at Blue Water Bay, The	120	43,800	41,637	95.06%
Shoal Creek Rehabilitation Center	120	43,800	40,844	93.25%
Silvercrest Health and Rehabilitation Center	60	21,900	19,709	90.00%
Westwood Nursing & Rehabilitation Center	60	21,900	17,495	79.89%
Total	899	328,135	286,170	87.21%

Source: Florida Nursing Home Bed Need Projections by District and Subdistrict, April 2019 Batching Cycle

During the 12-month period ending on December 31, 2018, Subdistrict 1-2 had 899 licensed and no approved community nursing home beds. Subdistrict 1-2 also had a total occupancy rate of 87.21 percent for this same 12-month period.

The reviewer notes the current and projected population of Okaloosa County, Subdistrict 1-2, District 1 and Florida, for the planning horizon. The projected population growth is provided in the following table.

Okaloosa County (Subdistrict 1-2), District 1 and Florida Population Change Comparisons						
County/Area	January 1, 2019 Population			January 1, 2022 Population		
	0-64	65+	Total	0-64	65+	Total
Okaloosa	163,710	32,764	196,474	164,507	35,746	200,253
District 1	617,617	126,132	743,749	626,386	138,249	764,635
Florida	16,656,554	4,147,180	20,803,734	17,102,934	4,515,707	21,618,641
County/Area	2019-2022 Increase			2019-2022 Growth Rat9.10e		
	0-64	65+	Total	0-64	65+	Total
Okaloosa	797	2,982	3,779	0.49%	9.10%	1.92%
District 1	8,769	12,117	20,886	1.42%	9.61%	2.81%
Florida	446,380	368,527	814,907	2.68%	8.89%	3.92%

Source: Florida Agency for Health Care Administration Population Estimates, February 2015

The community nursing home beds per 1,000 residents for ages 65+ cohort in the subdistrict are shown below.

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Subdistrict 1-2 Bed: Population Ratio					
County/Area	Community Beds	2019 Pop Age 65+	2019 Beds per 1,000	2022 Pop Age 65+	2022 Beds per 1,000
Okaloosa	899	32,764	27	35,746	25
District 1	3,344	126,132	27	138,249	24
Florida	80,825	4,147,180	19	4,515,707	18

Source: Florida Agency for Health Care Administration Population Estimates, February 2015 and Florida Nursing Home Bed Need Projections by District and Subdistrict, April 2019 Batching Cycle

As the Agency’s fixed need formula takes into account the estimated bed rate for community nursing home beds utilized by the population age 75+ in a district, the reviewer provides the following beds per 1,000 residents age 75+. See the table below.

Subdistrict 1-2 Bed: Population Ratio					
County/Area	Community Beds	2019 Pop Age 75+	2019 Beds per 1,000	2022 Pop Age 75+	2022 Beds per 1,000
Okaloosa	899	13,782	65	15,053	60
District 1	3,344	51,110	65	56,478	59
Florida	80,825	1,807,306	45	1,990,355	41

Source: Florida Agency for Health Care Administration Population Estimates, February 2015 and Florida Nursing Home Bed Need Projections by District and Subdistrict, April 2019 Batching Cycle

Each co-batched applicant states that their proposed project is being submitted in response to the Agency’s fixed need pool publication dated March 29, 2019.

JDM Health Services, LLC (CON application #10579) presents specific need in the area with regard to:

- Forty-eight private rooms
- Two bariatric rooms
- Parkinson’s Disease program for the planned project

The applicant provides a diagram noting that Zip Code 32579 encompasses the communities of Shalimar, Longwood and Lake Lorraine while bordering Eglin Air Force Base. CON application #10579 contains an aerial map of the same Zip Code noting an undeveloped five-acre tract is available to construct the proposed SNF.

JDMHS points out and the reviewer confirms through the Agency’s FloridaHealthFinder.gov website that there are no SNFs located in Zip Code 32579.

The applicant maintains that the Shalimar area is the retirement community for enlisted Air Force men and women and their spouses, located at 92 Sunset Lane, Shalimar, Florida 32579—known as the Air Force Enlisted Village (AFEV). JDMHS states that representatives of AFEV have indicated interest and need for having a SNF in proximity to

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the community, including support by the president and CEO of AFEV. This is confirmed through the applicant’s many letters of support. The applicant comments that the AFEV provides 352 independent living units and 75 assisted living units and in 2020, the AFEV will add 63 more independent living units.

JDMHS utilizes Claritas 2019-2024 data to show that by 2024, the combined Subdistrict 1-1 and 1-2 age 65+ population will be 143,880 (a compound annual growth rate or CAGR of 3.7 percent) and that for the same area for the same time frame, the age 85+ population will be 15,075 (2.9 percent CAGR). See the table below.

**Elderly Population by County, Subdistricts 1-1 and 1-2
2019 – 2024**

County	2019 Pop 65+	2019 Pop 85+	2024 Pop 65+	2024 Pop 85+	CAGR 65+	CAGR 85+
Okaloosa	34,426	3,775	41,204	4,394	3.7%	3.1%
Santa Rosa	29,545	2,692	36,913	3,390	4.6%	4.7%
Escambia	55,905	6,604	65,763	7,291	3.3%	2.0%
Total	119,876	13,071	143,880	15,075	3.7%	2.9%

Source: CON application #10579, page iii, Table PS-1 and page 1-6, Table 1-1

JDMHS stresses that Okaloosa County and Santa Rosa County have a higher age 65+ population and a higher age 85+ population CAGR than Escambia County with smaller numbers of nursing home beds.

The applicant states that the proposed Zip Code (32579) is adjacent to the following three Okaloosa Zip Codes:

- 32542 (Eglin Air Force Base)
- 32547 and 32548 (Fort Walton Beach)

JDMHS indicates that SNFs are most likely to locate near a hospital, within an approximate radius of six miles from the hospital. The applicant states that its proposed project (in ZIP Code 32579) falls within Fort Walton Beach Medical Center’s six-mile radius and that a portion of this same Zip Code lies within the six-mile radius of Twin Cities Hospital. The reviewer notes letters of support for CON application #10579 from the CEOs of each of these two hospitals (see item B of this report).

The applicant utilizes the Agency’s Florida Nursing Home Bed Need Projections by District and Subdistrict, issued March 29, 2019 (for CY 2018) and 2018 Claritas county population data to estimate a 2023 ADC of 1,408 with an estimated 1,333 ADC available for the remaining Santa Rosa and Okaloosa County SNFs (projecting an 89 percent occupancy in 2023 for the proposed project). The applicant asserts that

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the proposed project will not negatively impact existing facilities and that its calculations verify the fixed need pool and does not overbed the area. See the table below.

**Forecast of Impact on Existing Santa Rosa and Okaloosa County
Nursing Homes**

Resident Days CY 2018	421,913
Average Daily Census, 2018	1,156
Santa Rosa & Okaloosa Population 65+, 2018	61,324
Days Per 1,000 Population, 65+, 2018	6,880
Santa Rosa & Okaloosa Population 65+, 2023	74,699
Resident Days Forecasted for 2023	513,934
Average Daily Census, 2023	1,408
Proposed JDM Health Days @89% (84 Beds)	27,287
Deduct JDM Health Days from increase in days	486,646
Average Daily Census, 2018, Year 2023, Remaining Days	1,333

Source: CON application #10579, pages v and 1-12, Table 1-4

The table below reflects the applicant’s forecasted utilization. For convenience, this same table is again provided in item E.3.g. of this report.

**Forecasted Utilization for 84-Bed Nursing Home
Resident Days and Admits
Year One (2022) and Year Two (2023)**

Payer	Year One		Year Two	
	Days	Percent	Days	Percent
Medicare Part A	5,430	35%	10,864	40%
Medicare Managed Care	565	4%	1,086	4%
Medicaid	6,027	39%	12,222	45%
Self-Pay	3,087	20%	2,444	9%
Other	279	2%	543	2%
Total	15,388	100%	27,159	100%

Payer	Year One		Year Two	
	Admits	ADC	Admits	ADC
Medicare Part A	272	15	544	29.7
Medicare Managed Care	32	2	61	2.98
Medicaid	17	17	34	33.48
Self-Pay	52	8	41	6.70
Other	5	1	10	1.49
Total	378	42	690	74

Source: CON application #10579, page ix, Table PS-3, page 1-13, Table 1-5 and page 9-1, Table 9-1

PruittHealth – Okaloosa County, LLC (CON application #10580) indicates that the proposed project, “...will be located in an optimal geographic location where it will have the ability to penetrate the long-term Medicaid population within the County, those who need short term rehabilitation including bariatric patients, persons with severe Alzheimer’s among other service constituents”. The reviewer notes that no more precise or approximate geographic location is offered.

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PHOC presents specific need in the area with regard to:

- A dedicated Alzheimer’s unit
- Bariatric suites
- Private beds (with particular attention to the growth in Medicaid long-term care enrollments in the past couple of years)

The reviewer confirms that letters of support for CON application #10580 are consistent with the applicant’s stated need-specific areas, as bulleted above.

PHOC utilizes the Agency’s Florida Population Estimates and Projections by AHCA District 2010 to 2030, published February 2015, and NHA Analysis, to generate Subdistrict 1-1 and 1-2 age 65+ and age 75+ population growth estimate tables—noting that by July 2023:

- Subdistrict 1-2 will realize an age 65+ population increase of 4,650 residents (14.2 percent)
- Subdistrict 1-1 will realize an age 65+ population increase of 11,461 residents (14.2 percent)
- Combined, the two subdistricts will realize an age 65+ population increase of 16,111 residents (14.2 percent)

**Breakout of Subdistrict 1-2 and Subdistrict 1-1
Growth Rate in 65+ Population
January 2019 to July 2023**

County	January 2019	July 2023	Change 2019-2023	Percent Change 2019-2023
Okaloosa Subdistrict 1-2	32,764	37,414	4,650	14.2%
Escambia	53,897	60,263	6,366	11.8%
Santa Rosa	27,075	32,170	5,095	18.8%
Subdistrict 1-1	80,972	92,433	11,461	14.2%
Subdistrict 1-2 and 1-1 Aggregation	113,736	129,847	16,111	14.2%

Source: CON application #10580, pages 56 and 163

The applicant indicates that based on an evaluation of services provided at the licensed SNFs in Okaloosa County, below is a description of services provided:

- All eight facilities provide subacute care
- Seven facilities provide respite care
- All eight facilities provide hospice on-site
- All eight facilities provide physical, occupational and speech therapy
- Three facilities have a secure Alzheimer’s unit—with few private rooms
- None feature all private rooms

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- Seven have private rooms ranging between 0 and 10 percent and just one facility has private rooms exceeding 10 percent

The applicant contends that the proposed facility will foster competition through the implementation of state-of-the-art facilities, top notch amenities and quality programs and services. PHOC asserts that the proposal will benefit the community through market knowledge, significant services/amenities, lifestyle enhancement experience and high quality programming.

The applicant discusses national and statewide Alzheimer's disease trends and statistics (pages 64 thru 66 of the application). PHOC states that there are 13,764 Alzheimer/dementia cases in Subdistrict 1-1 and 1-2 (combined) by 2023. The reviewer notes that according to CON application #10580, Schedule 10, initiation of service is expected in April 2022, making the first 12 months of operation ending in April 2023.

The reviewer notes that the applicant states estimated Alzheimer's prevalence in Subdistrict 1-1 and 1-2 regardless of the stage of the disease nor how many Alzheimer's patients are in the severe or late-stage when an individual may need round-the-clock assistance with daily activities and personal care. However, the reviewer notes that letters of support indicate a need for the applicant's proposed, secure, all-private, 16-bed Alzheimer's unit. PHOC discusses PruittHealth Memory Support and the iN2L computer system as a planned feature of its proposed, secure, all-private accommodation, 16-bed Alzheimer's unit (pages 70 and 71 of the application).

The applicant discusses an October 2017 study by the Centers for Disease Control and Prevention (CDC) in assessing the prevalence of obesity among adults in the United States. The applicant further discusses a May 2018 study from the University of Florida, Florida Hospital and the Obesity Action Coalition in which researchers reviewed health data of nine million Floridians and found that 37.1 percent of Floridians are considered obese.

PHOC provides obesity incidence and estimates in Subdistrict 1-1 and 1-2 (2019 and 2023). The reviewer notes that the applicant's assertion that in these subdistricts, around 33.8 percent of the population is reportedly obese. While the applicant offers an estimate of the total universe of obese resident cases in Subdistrict 1-1 and 1-2, it does not offer a methodology to estimate a likely number of obese area residents that could reasonably be expected to be approaching or at an acuity level that would be appropriate and

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consistent with SNF care, pursuant to a plan of care. However, the reviewer notes that the applicant’s letters of support indicate a need for the applicant’s proposed two-suite bariatric unit.

The applicant indicates that specialized equipment used in the delivery of care to bariatric residents includes beds, geriatric chairs, wheelchairs, walkers, lifts, shower chairs and shower beds. The applicant states, that depending on needs, up to 600 pounds can be accommodated.

PHOC asserts that Subdistrict 1-2 has experienced the fifth greatest growth (26.7 percent or an increase from 692 to 792 recipients) in Medicaid long-term care enrollment during the past two years of all counties in Florida. The applicant contends that when aggregating from Subdistrict 1-1, there were 490 additional Medicaid enrollments in the two subdistricts. The reviewer notes, based on the raw data presented by the applicant, for these two years in these two subdistricts there were only 423 additional Medicaid enrollments.

The applicant states the use of the Agency’s Florida Nursing Home Bed Need Projections by District and Subdistrict, published March 29, 2019 (for CY 2018) and NHA Analysis to indicate the following data set - the reviewer reproduces below the applicant’s totals but not each of the 26 SNFs in the aggregated Subdistricts 1-2 and 1-1.

**Subdistrict 1-2 and Subdistrict 1-1
Community Nursing Home Utilization and Medicaid Utilization
CY 2018**

Area	SNF Beds	Total Patient Days	Total Occupancy Rate	Medicaid Patient Days	Percent Medicaid of Total Days
Subdistrict 1-2 Total	899	286,170	87.2%	187,463	65.5%
Subdistrict 1-1 Total	2,168	708,768	89.6%	462,549	65.3%
Subdistrict 1-2 and 1-1 Aggregation	3,067	994,938	88.9%	650,012	65.3%

Source: CON application #10580, pages 81 and 176 (condensed tables)

The applicant contends that the proposed project will become the only 100 percent all-private room SNF in Okaloosa County. PHOC asserts that this is of particular importance because Medicaid long-term care patients have less private accommodations than Medicare and other payors.

PHOC projects that in year two, 60 percent of its patient days will be Medicaid days, equaling a Medicaid census of 48.1. The applicant states that if awarded, the private bed inventory in Okaloosa County will more than double from 8.8 percent (79 private beds) to 16.6 percent and 163 private beds.

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The applicant utilizes Agency inpatient data and NHA Analysis to determine the hospital discharges to SNFs for the 65+ population and the percent of discharges, by hospital, in Subdistricts 1-1 and 1-2, for the three-year period ending September 30, 2018. PHOC provides total discharge counts and percentages for each of four hospitals in Subdistrict 1-2 and for each of seven hospitals in Subdistrict 1-1, for this same three-year period. The reviewer reproduces the applicant’s totals and percentages for the subdistricts and the aggregate, but does not reproduce totals for the individual hospitals. See the table below.

**Subdistrict 1-2 Okaloosa County Hospitals
Age 65 and Older
Subdistrict 1-1, Escambia and Santa Rosa County Hospitals
Discharges to Skilled Nursing by Hospital
12 Months Ending September 30, 2016 through 2018**

Area	Discharges to SNF			Percent Discharges by Hospital Parent		
	12 Mos Ending 9/30/2016	12 Mos Ending 9/30/2017	12 Mos Ending 9/30/2018	12 Mos Ending 9/30/2016	12 Mos Ending 9/30/2017	12 Mos Ending 9/30/2018
Subdistrict 1-2 Total	1,749	2,020	2,172	24.2%	27.1%	27.3%
Subdistrict 1-1 Total	5,489	5,434	5,781	75.8%	72.9%	72.7%
Subdistrict 1-1 and 1-2 Aggregation	7,238	7,454	7,953	100.0%	100.0%	100.0%

Source: CON application #10580, page 93 (condensed)

PHOC maintains that the above acute care discharge data is of particular importance and it will develop relationships with hospital discharge planners, social workers and hospital leadership to ensure the proposed project becomes an option for patients seeking a SNF post-acute rehabilitation or long-term care.

The applicant notes that both Subdistricts 1-2 and 1-1 are net in-migration subdistricts in terms of hospital utilization in that the hospitals in these counties have a significant portion of patients who originate from outside the subdistrict. PHOC contends that, “In-migration is important to consider because not only is it necessary to consider residents of Subdistrict 1-2 and 1-1 but also patients who utilize hospital resources in these subdistricts who may not reside therein may be served by nursing homes in these subdistricts”.

PHOC utilizes the Agency inpatient data and NHA Analysis to determine the number of 65+ cases as a percent of the total number cases among Subdistricts 1-1 and 1-2 hospital discharges for the 12 months ending

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September 30, 2018. These discharge/case totals and percentages are by service line (MS-DRG). The applicant provides a narrative description of the four highest numbers of discharges by MS-DRG on page 95 of CON application #10580. The applicant maintains that the identified conditions and diseases represented by the below MS-DRGs will be served at the proposed facility. The reviewer reproduces below the highest cases and percentage as stated in the applicant’s narrative, but does not reproduce all service lines as shown in the applicant’s table. The remaining service lines as listed in the applicant’s table are represented in the “All Other” total. See the table below.

**Subdistrict 1-2 and Subdistrict 1-1 Aggregation
Hospital Discharges to SNFs by Service Line
12 Months Ending September 30, 2018**

Service Line (MS-DRG)	Age 65+		Total	
	Cases	Percent of Total	Cases	Percent of Total
Subdistrict 1-2				
Orthopedics	445	20.5%	514	20.3%
Cardiology/Cardiac Surgery/Invasive	341	15.7%	380	15.0%
Infectious Disease	282	13.0%	329	13.0%
Pulmonary	184	8.5%	203	8.0%
All Other	922	42.3%	1,104	43.7%
Total	2,174	100.0%	2,530	100.0%
Subdistrict 1-1				
Orthopedics	1,296	22.4%	1,534	22.4%
Cardiology/Cardiac Surgery/Invasive	682	11.8%	764	11.1%
Infectious Disease	591	10.2%	675	9.8%
Pulmonary	557	9.6%	665	9.7%
Nephrology	574	9.9%	635	9.3%
All Other	2,081	36.1%	2,586	37.7%
Total	5,781	100.0%	6,859	100.0%

Source: CON application #10580, page 96 (condensed)

The applicant provides a narrative of specialized services, initiatives and amenities on page 104 of CON application #10580. The applicant describes these to include: service disabling effects of Alzheimer’s dementia, all private rooms, serving bariatric patients, programs to reduce hospital readmissions, resident safety through technologies and electronic medical records. Specialized equipment is listed as:

- Nautilus leg press
- Nautilus triceps press
- Nautilus compound row
- Nautilus low back
- Nautilus four-way neck
- Nautilus leg extension
- Biodex balance system
- Biodex gait trainer
- Biodex un-weighting system
- Biodex Biostep

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- Accelerated care plus modalities
- Ultrasound
- Shortwave diathermy⁸
- Electrical stimulation

The applicant expects to admit a total of 196 patients (with total patient days of 11,800 and an average daily census (ADC) of 32.3 in its first year, increasing to a total of 525 patients (with total patient days of 29,280 and an ADC of 80.2) in year two. PHOC estimates a total occupancy of 38.0 percent (in year one) and 95.0 percent (in year two). The applicant indicates that the configuration of the facility will be a mix of short term and long-term residents. See the table below.

**PruittHealth – Okaloosa Forecasted Utilization
84-Bed Facility
Years One and Two**

	Year One Ending 3-31/2023	Year Two Ending 3-31/2024
Medicare/Medicare HMO, Skilled Patients		
Admissions	150	433
Patient Days	3,632	10,614
Average Daily Census	10.0	29.1
Medicaid Long Term Care Patients		
Admissions	30	73
Patient Days	7,225	17,568
Average Daily Census	19.8	48.1
All Other Payors		
Admissions	16	19
Patient Days	943	1,093
Average Daily Census	2.6	3.0
Total		
Admissions	196	525
Patient Days	11,800	29,280
Occupancy Rate	38.0%	95.0%
Average Daily Census	32.3	80.2

Source: CON application #10580, page 119

PHOC offers a narrative description of itself versus the competing co-batched applicant - **CON application #10579** (CON application #10580, pages 121 and 122). According to PHOC, in virtually all CMS Nursing Home Compare categories, PruittHealth-Santa Rosa materially or significantly exceeds the quality rating for The Manor at Blue Water Bay. The applicant maintains that the proposed project will have no adverse impact on existing SNFs in the service area given the obvious demand for skilled nursing services into the planning horizon.

⁸ A medical/surgical technique involving the production of heat in a part of the body by high-frequency electric currents, to stimulate the circulation, relieve pain, destroy unhealthy tissue or cause bleeding vessels to clot.

2. Agency Rule Preferences

Please indicate how each applicable preference for the type of service proposed is met. Chapter 59C-1.036, Florida Administrative Code.

Chapter 59C-1.036 of the Florida Administrative Code does not contain preferences relative to community nursing home beds nor does the Agency publish specific preferences for these facilities. However, the rule does contain standards the Agency utilizes in assessing an applicant's ability to provide quality care to the residents.

- a. Geographically Underserved Areas. In a competitive certificate of need review within the nursing home subdistrict as defined in 59C-2.200, Florida Administrative Code, the Agency shall award a certificate of need if the applicant meets all applicable criteria for a geographically underserved area as specified in subsection 408.032(18), Florida Statutes, and if the applicant meets the applicable statutory certificate of need review criteria specified in section 408.035, Florida Statutes, including bed need according to the relevant bed need formula contained in this rule. If the applicant is awarded a certificate of need based on the provisions of this paragraph, the applicant shall agree that the nursing facility will be located in a county without a nursing facility, or in the center of an area within the subdistrict of a radius of at least 20 miles which meets the definition of a geographically underserved area. The center of the geographically underserved area shall be the proposed nursing home location in the application.**

Neither of the co-batched applicants is submitting a CON application to remedy a geographically underserved area as defined above. **Each** of the co-batched applicants is aggregating published need in contiguous Subdistricts 1-2 and 1-1. This is allowable pursuant to Rule 59C-1.036(3)(e)1., Florida Administrative Code.

- b. Proposed Services. Applicants proposing the establishment of Medicare-certified nursing facility beds to be licensed under Chapter 400, Florida Statutes, shall provide a detailed description of the services to be provided, staffing pattern, patient characteristics, expected average length of stay, ancillary services, patient assessment tools, admission policies and discharge policies.**

JDM Health Services, LLC (CON application #10579) maintains that licensed professionals and certified assistants will be provided with experience in the following disciplines:

- Physician services medical director
- Consulting professionals
 - Pharmacy
 - Psychiatry
 - Podiatry
 - Dental
 - Ophthalmology
 - Durable medical equipment
 - Mobile x-ray
 - Oxygen supplier
- Physical therapy
 - Hip, knee and other joint replacements
 - Assistive devices and accommodations to amputations or disability
 - Gait assistance
- Speech therapy
 - Dysphagia (swallowing techniques)
- Occupational therapy
- Respiratory therapy

JDMHS explains that many of the professionals above target services in post-acute programs that combine their specializations with nurses delivering a regimen of care such as:

- Parkinson's disease program
- Stroke rehabilitation
- Pain management
- Cardiac rehabilitation
- Clinical nursing
- Nutrition and dietary support and education
- Tracheotomy care
- Osteotomy care
- Tube feeding
- IV therapy
- Wound care
- Pneumonia treatment
- Infectious disease such as septicemia
- Resident and family education for specific conditions
- Medicine administration
- Monitoring including diabetes, cardiac, pulmonary conditions

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The applicant utilizes to indicate rates of age 65+ residents in counties Okaloosa and Santa Rosa County who are overweight or obese. The applicant offers a brief narrative of the 2016 estimates. See the figure below.

Adults Who Are Overweight or Obese by Age 65+

Year	Okaloosa	Florida	Year	Santa Rosa	Florida
2016	60.4% (50.6 – 70.1)	65.5% (63.7 – 67.4)	2016	72.5% (63.5 – 81.4)	65.5% (63.7 – 67.4)

Source: CON application #10579, page 2-6, Figure 2-6

JDMHS utilizes the Agency discharge data determine the age 65+ cases among Subdistrict 1-2 and Subdistrict 1-1 hospital service line discharges to SNFs for the 12 months ending June 30, 2018 by DRG. The applicant provides a narrative description of the eight highest number of cases of discharges by DRG in Subdistrict 1-1 and 1-2 (combined). DRG cases are combined with the applicant’s “Balance of Cases” so that the total number of all cases (all DRGs) are accommodated in the two tables below:

**Most Frequently Occurring Diagnostic Related Groups
Patients Aged 65+ Discharged to a Nursing Home
Subdistricts 1-1 and 1-2
July 1, 2017 thru June 30, 2018**

DRG	Description	Cases	Percent
871	Septicemia or Severe Sepsis w/o Mv >96 Hours w MCC	581	8.3%
470	Major Joint Replacement or Reattachment of Lower Extremity no MCC	378	5.4%
291	Heart Failure & Shock w MCC	263	3.8%
481	Hip and Femur Procedures Except Major Joint w CC	203	2.9%
682	Renal Failure w MCC	158	2.3%
683	Renal Failure w CC	144	2.1%
689	Kidney & Urinary Tract Infections w MCC	139	2.0%
189	Pulmonary Edema & Respiratory Failure	127	1.8%
Subtotal		1,993	28.6%
Balance of Cases		4,969	71.4%
Total		6,962	100.0%

Source: CON application #10579, page 2-7, Table 2-1 (condensed)

**Most Frequently Occurring Diagnostic Related Groups
Patients Aged 65+ Discharged to a Nursing Home
Okaloosa County
July 1, 2017 thru June 30, 2018**

DRG	Description	Cases	Percent
871	Septicemia or Severe Sepsis w/o Mv >96 Hours w MCC	194	9.5
470	Major Joint Replacement or Reattachment of Lower Extremity no MCC	127	6.2
291	Heart Failure & Shock w MCC	93	4.5
853	Infectious & Parasitic Diseases W O.R. Procedure w MCC	48	2.3
Subtotal		462	22.5%
Balance of Cases		1,590	77.5%
Total		2,052	100.0%

Source: CON application #10579, page 2-8, Table 2-2 (condensed)

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JDMHS emphasizes that the following two DRGs incorporate a diagnosis of Parkinson's disease:

- DRG 056 – Degenerative nervous system disorders with major complications/comorbidities
- DRG 057 – Degenerative nervous system disorders without major complications/comorbidities

The applicant states that during the period July 1, 2017 through June 2018, 115 elders across the two subdistricts had one of these DRGs (056 or 057) as a diagnosis and were discharged to a SNF.

JDMHS comments that prevalence studies indicate that Parkinson's disease occurs in approximately 120 persons per 100,000 population. For the source of the Parkinson's disease prevalence and related Parkinson's information, the applicant references CON application #10579, Tab 10 – Additional Information. The applicant states that per the CDC's most recent data (2015), Parkinson's disease ranks:

- Within the top 10 causes of death for men aged 45+
- 10th leading cause of death among men age 65+ and age 85+
- 8th leading cause of death among men age 75 to 84

Per the USGS⁹, there are 3,141 counties and county equivalents in the 50 States and the District of Columbia. The reviewer notes that nationally assessed Parkinson's prevalence rates (for any given gender and/or age group), applied to a single county, to two adjacent counties or to three contiguous counties in aggregation (as presented by the applicant), to project Parkinson's growth or presence in the contiguous area, may or may not generate reliable estimates.

The applicant states and the reviewer confirms through the website <https://www.worldlifeexpectancy.com/usa/florida-parkinsons-disease> that Santa Rosa's death rate for Parkinson's is 8th in the state, with a rate of 7.96 per 100,000 population, higher than the state rate of 7.87. According to the same source/website, Okaloosa's death rate for Parkinson's is 39th in the state, with a rate of 5.73 per 100,000 population.

⁹ According to the website <https://www.usgs.gov/about/about-us/who-we-are>, USGS was created by an act of Congress in 1879 and has evolved over the ensuing 125 years, matching its talent and knowledge to the progress of science and technology. The same website indicates that USGS is the sole science agency for the U.S. Department of the Interior and is the nation's largest water, earth, biological science and civilian mapping agency.

The applicant briefly discusses the five stages of Parkinson's disease. The reviewer notes that based on ParkinsonDisease.net, forms of assistance with activities of daily living would likely begin at some point in stage four. The reviewer notes that again, based on the applicant's information, stage five patients could reasonably be expected to require SNF care.

Regarding admission, the applicant states that eligibility for admission requires:

- A physician's order
- The individual meets the clinical admission criteria for post-acute nursing care
- The individual has a payer source
- The SNF has the staff and services to meet the individual's clinical needs

The applicant discusses a comprehensive assessment process and an interdisciplinary team to address patient needs with treatment specifications for patient recovery and reduce the possibility of a hospital readmission. The applicant maintains that subsequent to the initial plan of care, ongoing adjustments occur concurrent with the condition of the resident. The applicant's complete narrative regarding the admission process is included on pages 2-10 through 2-11 of CON application #10579.

Regarding discharge, the applicant states that discharge plans include:

- The health status of the resident
- Protocols for care including any follow-up with other practitioners
- Appointments specifying day and time
- Supportive documentation

The applicant discusses that at the day of discharge, the social worker reviews with the resident and family the discharge plan, highlights follow-up appointments and verifies that the resident has the means to make such appointments. The applicant's complete narrative regarding the discharge process is included on page 2-12 of CON application #10579.

CON application #10579, Schedule 6 provides JDMHS' proposed staffing for year one, ending 12/31/2022, total FTEs of 73.6) and for year two, ending 12/31/2023, total FTEs of 108.7). See the table below.

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JDM Health Services, LLC, (CON application #10579) Projected Year One and Year Two Staffing		
Position	Year One FTEs	Year Two FTEs
Administration		
Administrator	1.0	1.0
Director of Nursing	1.0	1.0
Admissions	1.5	1.3
Bookkeeper	1.0	1.0
Secretary	1.0	1.0
Medical Records	2.0	1.7
Other: Receptionist	0.5	0.8
Other: Nursing Adm-MDS, Sched, CSR & ward clrk	4.5	4.5
Physicians		
Medical Director	0.2	0.2
Nursing		
RNs	3.6	5.6
LPNs	9.3	14.9
Nurses' Aides	22.7	36.1
Ancillary		
Physical Therapist	2.6	5.5
Speech Therapist	1.1	2.5
Occupational Therapist	2.7	4.7
Other: Rehab Aide	1.0	1.8
Dietary		
Dietary Supervisor	1.0	1.0
Cooks	2.7	4.1
Dietary Aides (incl Servers)	2.7	4.1
Social Services		
Social Service Director	1.0	1.0
Activity Director	1.0	1.0
Activity Assistant	0.6	1.0
Other: Social Services Assistant	0.1	0.2
Housekeeping		
Housekeeping Supervision	1.0	1.0
Housekeepers	4.2	6.7
Laundry		
Laundry Aides	3.0	4.8
Plant Maintenance		
Maintenance Supervisor	1.0	1.0
Maintenance Assistant	0.6	1.0
Total	73.6	108.7

Source: CON application #10579, Schedule 6

PruittHealth – Okaloosa County, LLC (CON application #10580) states that the following essential services will include, but not be limited to:

- 24-hour nursing services
- Physical therapy
- Occupational therapy
- Speech therapy
- IV therapy
- Tube feeding and total parental nutrition
- Wound care management
- Pain management
- Central lines
- Oxygen therapy
- Alzheimer/dementia programming
- Bariatric programming (specialized training and design features)

The applicant maintains that unique services and characteristics that are essential at each and every PruittHealth SNF include, but are not limited to:

- PerfectPath specialty care programs
- Clinic oversight teams
- Mandatory daily interdisciplinary team meetings
- Electronic medical records
- Medication monitoring
- Dedicated quality staff
- Clinical and general kiosks

PHOC provides a summary of deluxe amenities and programs, measures to safely reduce hospital readmissions/interventions to reduce hospital readmissions (INTERACT Program), and other technologies and resources to be implemented in the proposal on pages 44 - 47 of CON application #10580, along with descriptions of equipment and service offerings on pages 88 – 90, 98 – 103 and 133 - 158 of the application. The INTERACT overview is provided on CON application #10580, Vol. 2, Tab 16. The applicant provides the PruittHealth Annual Quality Report, 2018 (CON application #10580, Vol. 2, Tab 1). Further, the applicant provides Admission and Discharge Planning Policies and Procedures (CON application #10580, Vol. 2, Tab 5) as well as other tabs that address related topics.

CON application #10580, Schedule 6 provides PHOC's proposed staffing for year one (total FTEs of 49.90) and for year two (total FTEs of 91.91). See the table below.

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PruittHealth – Okaloosa County, LLC (CON application #10580) Projected Year One and Year Two Staffing		
Position	Year One FTEs	Year Two FTEs
Administration		
Administrator	1	1
Director of Nursing	1	1
Admissions Director	1	1
Marketing Representative	1	1
Secretary	1.4	1.4
Medical Records Clerk	0.7	1
Other: Financial Counselor	1	1
Physicians		
Medical Director (Contracted Svc)	0.2	0.2
Other: Physician Services (Contracted Svc))	.02	.02
Nursing		
RNs	3.22	5.6
LPNs	5.10	9.8
Nurses’ Aides	15.28	36.4
Other: RN MDS Nurse	1.67	3
Ancillary		
Physical Therapist (Contracted Svc)	0.66	1.59
Physical Therapist Assistant (Contracted Svc)	0.58	1.37
Speech Therapist (Contracted Svc)	0.32	0.82
Occupational Therapist (Contracted Svc)	0.63	1.55
Occupational Therapy Assistant (Contracted)	0.23	0.56
Other: Rehab Aide	1.00	1.00
Dietary		
Dietary Supervisor	1	1
Cooks	1.94	3.7
Dietary Aides	1.94	3.7
Social Services		
Social Service Director	1	1
Activity Director	1	1
Housekeeping		
Housekeepers	4.67	8.4
Laundry		
Laundry Aides	1.4	2.8
Plant Maintenance		
Maintenance Supervisor	1	1
Total	49.90	91.91

Source: CON application #10580, Schedule 6

- c. Quality of Care. In assessing the applicant’s ability to provide quality of care pursuant to s. 408.035 (1) (c), Florida Statutes, the Agency shall evaluate the following facts and circumstances:**

1. **Whether the applicant has had a Chapter 400, Florida Statutes, nursing facility license denied, revoked or suspended within the 36 months prior to the current application.**

JDM Health Services, LLC (CON application #10579)

states it is a new entity formed for the purpose of developing and operating an SNF in Okaloosa County.

PruittHealth – Okaloosa County, LLC (CON application

#10580) states that none of the facilities operated by its ultimate parent company (UHS) have ever had licenses denied, revoked or suspended.

2. **Whether the applicant has had a nursing facility placed into receivership at any time during the period of ownership, management or leasing of a nursing facility in the 36 months prior to the current application?**

JDM Health Services, LLC (CON application #10579)

states it is a new entity formed for the purpose of developing and operating an SNF in Okaloosa County.

PruittHealth – Okaloosa County, LLC (CON application

#10580) states that none of the facilities operated by UHS have been placed into receivership within the past 36 months.

3. **The extent to which the conditions identified within subparagraphs 1 and 2 threatened or resulted in direct significant harm to the health, safety or welfare of the nursing facility residents.**

JDM Health Services, LLC (CON application #10579)

states it is a new entity formed for the purpose of developing and operating an SNF in Okaloosa County.

PruittHealth – Okaloosa County, LLC (CON application #10580) states that this criterion is not applicable.

4. **The extent to which the conditions identified within subparagraph 3 were corrected within the time frames allowed by the appropriate state agency in each respective state and in a manner satisfactory to the agency.**

JDM Health Services, LLC (CON application #10579)

states it is a new entity formed for the purpose of developing and operating an SNF in Okaloosa County.

PruittHealth – Okaloosa County, LLC (CON application

#10580) states that this criterion is not applicable.

5. **Rule 59C-1.036 (4) (f) Harmful Conditions. The Agency shall question the ability of the applicant to provide quality of care within any nursing facility when the conditions identified in the subparagraph (e) 1 and (e) 2 result in the direct, significant harm to the health, safety or welfare of a nursing facility resident, and were not corrected within the time frames allowed by the appropriate state agency in each respective state and in a manner satisfactory with the Agency.**

JDM Health Services, LLC (CON application #10579)

states it is a new entity formed for the purpose of developing and operating an SNF in Okaloosa County.

PruittHealth – Okaloosa County, LLC (CON application

#10580) states that this criterion is not applicable.

- d. **Rule 59C-1.036 (5) Utilization Reports. Within 45 days after the end of each calendar quarter, facilities with nursing facility beds licensed under Chapter 400, Florida Statutes shall report to the Agency, or its designee, the total number of patient days, which occurred in each month of the quarter, and the number of such days that were Medicaid patient days.**

JDM Health Services, LLC (CON application #10579) states that it understands the requirements for reporting to the Agency through the Northwest Florida Health Council, Inc.

PruittHealth – Okaloosa County, LLC (CON application #10580)

maintains that within 45 days after the end of each calendar quarter, it will report its total number of patient days which occurred in each month of the quarter and the number of such days which were Medicaid patient days.

3. Statutory Review Criteria

- a. Is need for the project evidenced by the availability, quality of care, accessibility and extent of utilization of existing health care facilities and health services in the applicants’ service area? ss. 408.035 (1)(b) and (e), Florida Statutes.**

As indicated earlier, Subdistrict 1-2 consists solely of Okaloosa County and has eight licensed community nursing homes with a total of 899 community nursing home beds. The subdistrict averaged 87.21 percent total occupancy for the 12-month period ending on December 31, 2018.

JDM Health Services, LLC (CON application #10579) restates that there may be challenges in finding available SNF beds for an elderly person requiring SNF care in Okaloosa County due to relatively high occupancy rates. The applicant maintains that availability of a private room also influences admission to a nursing home, particularly for elders with a hospital discharge diagnosis of sepsis or septicemia. JDMHS maintains that it is proposing to add 48 private rooms and two bariatric rooms to the inventory.

The applicant’s response to quality of care is addressed in item E.3.b. of this report. Regarding access, the applicant provides a map to indicate the geographic location of the eight existing nursing homes in Okaloosa County (CON application #10579, page 3-3).

JDMHS utilizes Agency inpatient discharge data from July 1, 2017 thru June 30, 2018 to indicate that a total of 2,052 Okaloosa County residents were discharged to a SNF. See the table below.

**Payer Mix, Okaloosa County Residents Discharged to a Nursing Home
July 1, 2017 thru June 30, 2018**

Payer	Cases	Percent
Medicare	1,757	85.6%
Medicare Managed Care	246	12.0%
Commercial Health Insurance	18	0.9%
VA	9	0.4%
Workers Compensation	8	0.4%
Other	3	0.1%
Other State/Local Government	3	0.1%
TriCare/Federal		
Govt/CHAMPUS	3	0.1%
Commercial Liability Coverage	2	0.1%
Self-Pay	2	0.1%
Medicaid Managed Care	1	0.0%
Total	2,052	100.0%

CON application #10579, page 3-4, Table 3-1

JDMHS contends that despite the low number Medicaid Managed Care cases, it plans to be both Medicare and Medicaid certified to allow for flexibility in admissions.

JDMHS discusses the proposal's conformity with the Health Care Access Criteria (pages 3-7 thru 3-9 of the application).

PruittHealth – Okaloosa County, LLC (CON application #10580)

restates the total number of skilled nursing beds in Subdistrict 1-1 and 1-2 along with patient days and occupancy rates for CY 2018.

PHOC restates the prevalence of Alzheimer's disease nationally, as well as the projected incidence percentage and Alzheimer's estimates from 2019 to 2023 in Subdistricts 1-1 and 1-2 by age cohorts. The applicant points out the incidence percentage and the estimated number of Subdistrict 1-1 and 1-2 residents projected to be obese from 2019 to 2023.

The applicant reiterates that Subdistrict 1-2 has experienced the fifth greatest growth (26.7 percent) in Medicaid LTC enrollment during the past two years (March 1, 2017 to March 1, 2019) resulting in 423 new enrollees.

PHOC notes that only 8.8 percent of the total community beds are private SNF beds in Okaloosa County.

The applicant's response to quality of care is addressed in item E.3.b. of this report.

- b. Does the applicant have a history of providing quality of care? Has the applicant demonstrated the ability to provide quality of care? Is the applicant a Gold Seal Program nursing facility that is proposing to add beds to an existing nursing home? ss. 408.035 (1) (c) and (j), Florida Statutes.**

JDM Health Services, LLC (CON application #10579) is a newly formed/development stage entity and has no operating history. However, the applicant provides its mission, vision and values (pages 4-1 and 4-2 of CON application #10579). The applicant highlights core values as:

- Integrity
- Caring
- Build relationships of trust
- Collaboration – partner for breakthrough results

The reviewer particularly notes the applicant's last bulleted core value (above), which states in part, "Partner with education institutions, community and civic organizations, religious organizations and government entities to improve the effectiveness of our work and to contribute to our community". The reviewer notes that the applicant's extensive and wide-ranging letters of support demonstrate the applicant's commitment to the stated core value of collaboration.

The applicant cites a 2017 JAMDA (*Journal of Past-Acute and Long-Term Care Medicine*) article. The reviewer notes that a search of the website <https://www.jamda.com> reveals that this article is available at the website [https://www.jamda.com/article/S1525-8610\(16\)30303-6/fulltext](https://www.jamda.com/article/S1525-8610(16)30303-6/fulltext). JDMHS states that few nursing homes hold Joint Commission accreditation and that per the stated JAMDA publication, only 711 community nursing homes held Joint Commission accreditation of the 15,637 nursing homes nationally. The reviewer notes that this would be 4.55 percent of nursing homes nationally, based on the applicant's stated totals (711/15,637=4.55 percent). Per JDMHS, the researchers excluded those facilities holding accreditation that did not report to CMS, which included 155 SNFs, such as those operated by the Veterans Health Administration. JDMHS states that this study is relevant to the applicant. The applicant maintains that affiliation with Mr. S. Duane Gallagher establishes a link to existing five-star SNFs with Joint Commission accreditation.

As stated previously, S. Duane Gallagher is the authorized representative of the applicant - JDM Health Services, LLC. The applicant has previously stated that Mr. Gallagher is the owner/operator of the SNF The Manor at Blue Water Bay (in Subdistrict 1-2) and is the manager of the SNF Community Health and Rehabilitation Center (in Subdistrict 2-2). Therefore, the review performs a brief review of some quality characteristics of these two SNFs.

- The Manor at Blue Water Bay
 - Agency inspection rating: 5-stars (Region 1: Pensacola)
 - CMS Nursing Home Compare rating: 5-stars - "Much Above Average"
 - Joint Commission accredited: Yes
 - Gold Seal facility: No
 - Agency Watch List facility: No
 - Last change of ownership: 1/15/2015

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- Community Health and Rehabilitation Center
 - Agency inspection rating: not available
 - CMS Nursing Home Compare rating: 5-stars - “Much Above Average”
 - Joint Commission accredited: not indicated
 - Gold Seal facility: No
 - Agency Watch List facility: No
 - Last change of ownership: 1/2/2014

According to JDMHS, both SNFs (above) have an Agency inspection rating of five stars (the highest rating achievable) and both SNFs are Joint Commission accredited. JDMHS points out that prior to sustaining damage from Hurricane Michael, Community Health and Rehabilitation Center held a five-star rating from CMS and Joint Commission accreditation. JDMHS explains that Community Health and Rehabilitation Center currently does not operate (i.e. inactive license) because of the major damage sustained during Hurricane Michael. According to the National Weather Service website at <https://www.weather.gov/tae/HurricaneMichael2018>, Hurricane Michael made landfall along the Florida Panhandle near Tyndall Air Force Base on Wednesday, October 10, 2018.

Regarding quality assurance and the performance improvement program, JDMHS states that the administrator and the director of nursing participate as key members of the Quality Assurance Performance Improvement Program (QAPI) Committee and that this committee determines areas for Performance Improvement Projects (PIPs) as well as Plan-Do-Study-Act (PDSA) projects. The applicant asserts that the QAPI Committee must use analytical tools to fully implement quality improvement projects and that these quality tools include: Failure Mode and Effects Analysis, Five Whys and Fishbone Diagrams. JDMHS provides a diagram of the PDSA process (CON application #10579, page 4-4). The reviewer notes that no sample QAPI program and no sample PIPs are included in the application.

JDMHS indicates that it will utilize MatrixCare® for its electronic health record system which incorporates the CMS Minimum Data Set (MDS), the standardized assessment tool that measures the functional health status of the resident.

Regarding hurricane preparedness, JDMHS discusses the evacuation and relocation arrangements and services that Mr. Gallagher provided, along with coordinating with various partners, for Community Health and Rehabilitation Center residents and staff, before, during and after Hurricane Michael. JDMHS further discusses having on-hand various

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tools and equipment items for hurricane preparedness (including generators). The applicant asserts that these resources are also available for other communities as far distant as West Palm Beach and Houston, to support SNFs impacted by hurricanes in those communities. The applicant maintains that the equipment and supplies will be available to the proposed 84-bed nursing home.

Regarding resident rights, the applicant explains that each person admitted to the new facility receives a Resident Handbook upon admission and a copy of the Resident’s Rights. The applicant states that staff is trained upon hire and annually on resident rights and that a statement is publicly displayed declaring rights and responsibilities of the residents and the requirements to treat residents in accordance with those provisions.

Regarding activities, JDMHS states that activities are designed to augment treatments that occur pursuant to the residents’ care plans. The applicant lists four objectives that activities are to accomplish and lists 10 activities that may be offered to residents (pages 4-7 and 4-8 of the application). JDMHS asserts that certified pet therapy dogs will be used at the proposed facility in Shalimar. JDMHS contends that activities will be included as part of its Continuous Quality Improvement (CQI) process.

For the three-year period ended on May 22, 2019, The Manor at Blue Water Bay and the Community Health and Rehabilitation Center had a total of one substantiated complaint, which is stated by complaint category in the table below. A single complaint can encompass multiple complaint categories.

The Manor at Blue Water Bay and Community Health and Rehabilitation Center Substantiated Complaint History May 22, 2016 – May 22, 2019	
Complaint Category	Number Substantiated
Life Safety Code	1

Source: Agency Complaint Records

PruittHealth – Okaloosa County, LLC (CON application #10580) is a newly formed/development stage entity and has no operating history.

The reviewer notes that considerable praise was stated in letters of support for the applicant’s adjacent affiliate SNF, PruittHealth-Santa Rosa and the applicant states its Santa Rosa affiliate as a partner in accomplishing successful operation of the proposed project. The reviewer notes that, regarding PruittHealth-Santa Rosa:

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- This SNF is currently operating on a conditional license (effective date 3/27/2019 and expiration date 1/30/2020). As of July 8, 2019, this conditional status was not under appeal
- This SNF is currently on the Agency's Nursing Home Watch List¹⁰, Case #2019007400, Deficiency N0505, per the Agency website <https://www.floridahealthfinder.gov/FacilityLocator/NursingHomeWatchList.aspx>.
- This SNF's most recent Agency-issued overall nursing home inspection rating was one star (of a possible five stars) - rating time period October 2016-March 2019 and last updated April 2019, per the Agency's website <https://www.floridahealthfinder.gov/CompareCare/CompareFacilities.aspx?NHIR=142068>. According to this same website, a single star means that the facility ranked in the bottom 20 percent of facilities in its region but additionally points out that a low rank does not necessarily indicate a "low quality" facility
- This SNF's current Centers for Medicare and Medicaid Services (CMS) Nursing Home Compare overall rating was five-of-five stars (much above average), per the CMS website <https://www.medicare.gov/nursinghomecompare/profile.html#profTab=0&ID=106048&Distn=15.9&loc=32570&lat=30.8158292&lng=-87.0224442&dist=25>, as of July 9, 2019. According to CMS, the star ratings come from: health inspections, staffing and quality of resident care measures

The applicant states that implementation of this proposal will involve the development of all quality policies and procedures and a quality assurance program based on its other PruittHealth affiliated facilities throughout the southeastern United States. PHOC asserts a commitment to adhere to any and all State and Federal nursing home regulations and statutes in addition to Medicare's Conditions of Participation. The applicant states that the application is conditioned on the provision that it will seek Joint Commission accreditation, which the reviewer has previously noted is prohibited by Section 408.043 (4), Florida Statutes.

PHOC describes its historical provision of administrative services to more than 100 SNFs in Florida, Georgia, North Carolina and South Carolina.

¹⁰ The Watch List identifies nursing homes that are operating under bankruptcy protection or met the criteria for a conditional status during the past 30 months. A conditional status indicates that a facility did not meet, or correct upon follow-up, minimum standards at the time of an inspection. Immediate action is taken if a facility poses a threat to resident health or safety. Under Florida law, nursing homes have a right to challenge state sanctions. Facilities challenging a conditional license are noted as "under appeal." Watch List information is subject to change as appeals are processed.

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The applicant expresses a commitment to provide the appropriate level of comprehensive, high-quality, safe and cost-effective SNF services to persons in need of such care. PHOC maintains that its organizational experience and expertise in providing quality skilled nursing services is evidenced by the number of successful programs and quality assurance practices. The applicant describes how the proposed quality program will consist of assigned patient care managers, a care transition program, corporate standards, leadership, training, external benchmarking/awards, continuous process improvement, customer service and transparency.

The applicant includes narrative descriptions of quality assurance initiatives currently in place at its existing facilities within and outside of the State of Florida which are to be implemented as quality mechanisms as a part of this proposal and its programmatic distinctions on pages 181-188 of CON application #10580.

Specific to pertinent areas of its quality initiatives, PHOC discusses how PruittHealth's affiliated facilities and agencies participate in multiple external benchmarking studies in order to keep abreast of contemporary quality care practices. The applicant describes the use of the ABAQIS quality indicator program which provides reports targeted to quality assurance and improvement in 26 different care areas linked to Federal and State regulations. PHOC maintains that internal reports (e.g. Monthly Quality Indicator Reports) are used to provide a systematic means of collecting data on quality indicators from individual facilities in order to determine patterns, trends and resource allocation as a part of the overall performance improvement process. The applicant stresses that PruittHealth Consulting Services and PruittHealth Pharmacy are parts of its quality initiative plans and services.

The applicant states that LTC TrendTracker is used as a data collection/benchmarking tool across PruittHealth facilities to compare staffing levels, resident characteristics, survey findings, revenue/cost, Medicare patient days and quality measures with its peers. LTC TrendTracker collects data from CMS, CASPER and the NH Quality Measure Report. PHOC notes use of CMS' Quality Improvement Organization, satisfaction surveys, "Care Transitions" and "Clinical Pathways".

PHOC maintains that reducing hospital readmissions is the top priority of hospitals throughout the nation and service area. For this reason, the applicant states that a major emphasis of the proposed project will be placed on safely reducing hospital readmissions. In order to address hospital readmissions, the applicant states that PruittHealth has adopted INTERACT 3.0, a comprehensive program with tools specifically designed

to decrease 30-day patient re-hospitalizations. PruittHealth describes INTERACT (Interventions to Reduce Hospital Readmissions) as a program integrated between different levels of care to reduce hospital admissions by addressing clinical symptoms before they escalate to need of a transfer of a resident to the hospital. PHOC indicates that INTERACT supports the goals of the nation's health care system and industry advocates in reducing overall health care cost and improving quality through measures taken to decrease patient re-hospitalizations.

Descriptions of tools used in the INTERACT program are included on pages 193-194 of the application of CON application #10580. The applicant's Tab 16 provides an overview of INTERACT and Tab 15 provides samples of forms and tools used.

The applicant discusses its existing PIP which demonstrates a strong commitment to continuous quality improvement by providing an avenue to continuously improve care and services to the residents, family members and staff of its facilities. PHOC asserts that the process is coordinated by the facility administrator and designed to initiate positive improvements through a strategic change process. The applicant stresses that the PIP is derived from company policies and procedures, standards for licensure and certification, identified industry standards and quality benchmarks. PHOC notes that the PIP monitors and obtains information from the reports of various facility committees, consultant reviews, surveys, monthly quality assurance key indicator data and internal staff audits. Summaries of the techniques and resources used in the PIP are provided on pages 194- 202 of CON application #10580. PHOC also describes its "Customer Service and Transparency" program on pages 202-204 of the application.

CON application #10580, Vol. 2 and Vol. 3 include supplemental publications that address quality resources, references, and guides used by the applicant's parent-company, PruittHealth.

PruittHealth, the parent-company of the applicant, currently operates PruittHealth – Santa Rosa in Santa Rosa County (Subdistrict 1-1) since 2003, PruittHealth - Panama City in Bay County (Subdistrict 2-2) licensed December 14, 2018 and PruittHealth - Fleming Island licensed April 5, 2019. The Agency notes that PruittHealth – Santa Rosa has a conditional license, effective March 27, 2019 with an expiration of January 30, 2020.

For the three-year period ended on May 22, 2019, the provider had three substantiated complaints at PruittHealth – Santa Rosa, which are summarized by complaint category in the table below. A single complaint can encompass multiple complaint categories.

PruittHealth Substantiated Complaint History May 22, 2016 – May 22, 2019	
Complaint Category	Number Substantiated
Quality of Care/Treatment	2
Billing/Refunds	1
Resident/Patient/Client Rights	1

Source: Agency Complaint Records

- c. What resources, including health manpower, management personnel and funds for capital and operating expenditures, are available for project accomplishment and operation? ss. 408.035 (1)(d), Florida Statutes.**

JDM Health Services, LLC (CON application #10579):

Analysis:

The purpose of our analysis for this section is to determine if the applicant has access to the funds necessary to fund this and all capital projects. Our review includes an analysis of the short and long-term position of the applicant, parent, or other related parties who will fund the project. The applicant is a development stage company, meaning there is no operational data to be analyzed for the purposes of this review. The applicant indicated that funding will be provided by a third party source.

Capital Requirements and Funding:

The applicant indicates on Schedule 2 capital projects totaling \$17,193,800, which includes this project. The architectural review comments state that there are serious deficiencies that will require modifications to the plans, which are likely to have a significant impact on construction costs. The applicant indicates on Schedule 3 of its application that funding for the project will be provided by non-related company financing. The applicant submitted letters from BBVA and Trustmark expressing interest in providing financing for the cost of the project. A letter of interest is not considered a firm commitment to lend. However, the letter outlined an existing relationship with the applicant’s representative.

Given that the funding is supported by letters of interest, we have no basis to conclude that funding will be available for this project.

Conclusion:

Funding for this project is in question.

PruittHealth – Okaloosa County, LLC (CON application #10580):

Analysis:

The purpose of our analysis for this section is to determine if the applicant has access to the funds necessary to fund this and all capital projects. Our review includes an analysis of the short and long-term position of the applicant, parent, or other related parties who will fund the project. The analysis of the short and long-term position is intended to provide some level of objective assurance on the likelihood that funding will be available. The stronger the short-term position, the more likely cash on hand or cash flows could be used to fund the project. The stronger the long-term position, the more likely that debt financing could be achieved if necessary to fund the project. We also calculate working capital (current assets less current liabilities) a measure of excess liquidity that could be used to fund capital projects.

Historically we have compared all applicant financial ratios regardless of type to bench marks established from financial ratios collected from Florida acute care hospitals. While not always a perfect match to a particular CON project it is a reasonable proxy for health care related entities. The parent provided audited financial statements, where the short-term and long-term measures fall on the scale (highlighted in gray) for the most recent year.

United Health Services, Inc. & Subs		
	Jun-18	Jun-17
Current Assets	\$146,731,000	\$130,257,000
Total Assets	\$690,363,000	\$656,583,000
Current Liabilities	\$222,241,000	\$178,198,000
Total Liabilities	\$579,032,000	\$519,062,000
Net Assets	\$111,331,000	\$137,521,000
Total Revenues	\$1,008,461,000	\$967,358,000
Excess of Revenues Over Expenses	(\$20,103,000)	\$2,792,000
Cash Flow from Operations	\$20,233,000	\$28,414,000
Short-Term Analysis		
Current Ratio (CA/CL)	0.7	0.7
Cash Flow to Current Liabilities (CFO/CL)	9.10%	15.95%
Long-Term Analysis		
Long-Term Debt to Net Assets (TL-CL/NA)	320.5%	247.9%
Total Margin (ER/TR)	-1.99%	0.29%
Measure of Available Funding		
Working Capital	(\$75,510,000)	(\$47,941,000)

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Position	Strong	Good	Adequate	Moderately Weak	Weak
Current Ratio	above 3	3 - 2.3	2.3 - 1.7	1.7 - 1.0	< 1.0
Cash Flow to Current Liabilities	>150%	150%-100%	100% - 50%	50% - 0%	< 0%
Debt to Equity	0% - 10%	10%-35%	35%-65%	65%-95%	> 95% or < 0%
Total Margin	> 12%	12% - 8.5%	8.5% - 5.5%	5.5% - 0%	< 0%

Capital Requirements and Funding:

The applicant indicates on Schedule 2 capital projects totaling \$21,037,554, which includes this project. In addition to the capital costs, the applicant will have to finance a projected year one operating loss of \$2,391,006.

The applicant states on Schedule 3 that funding for this project will come from operating cash flows and non-related company financing. The applicant provided a letter from Synovus stating they would provide 80 percent financing. The applicant also provided audited financial statements showing over \$3 million in cash and cash equivalents and over \$20 million in cash flows from operations.

Conclusion:

Funding for this project is likely, but not guaranteed.

- d. What is the immediate and long-term financial feasibility of the proposal? ss. 408.035 (1) (f), Florida Statutes.**

JDM Health Services, LLC (CON application #10579):

Analysis:

The immediate and long-term financial feasibility of the project is tied to expected profitability. The purpose of our analysis for this section is to evaluate the reasonableness of the applicant’s profitability projections and ultimately whether profitability is achievable for this project. Our analysis includes an evaluation of net revenue per patient day (NRPD), cost per patient day (CPD), nurse staffing ratios and profitability. We compared the NRPD, CPD and profitability to actual operating results from skilled nursing facilities as reported on Medicaid cost reports (2014 through 2016 cost report years). For our comparison group, we selected SNFs with similar Medicaid utilizations to the utilization projected by the applicant on a per patient day basis (PPD). Comparison group data was adjusted for inflation to match the second year projection (Inflation factor was based on the New CMS Market Basket Price Index as published in the 3rd Quarter 2018, Health Care Cost Review).

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NRPD, CPD and profitability or operating margin that fall within the group range are considered reasonable projections. Below is the result of our analysis.

	PROJECTIONS PER APPLICANT		COMPARATIVE GROUP VALUES PPD		
	Total	PPD	Highest	Median	Lowest
Net Revenues	11,695,100	431	2,185	487	329
Total Expenses	10,760,600	396	2,027	498	348
Operating Income	934,500	34	151	1	-69
Operating Margin	7.99%		Comparative Group Values		
	Days	Percent	Highest	Median	Lowest
Occupancy	27,159	88.58%	97.91%	85.58%	70.53%
Medicaid	12,222	45.00%	39.73%	31.47%	20.25%
Medicare	11,950	44.00%	54.37%	34.44%	8.40%

Staffing:

Section 400.23(3)(a)(1), Florida Statutes, specifies a minimum certified nursing assistant staffing of 2.5 hours of direct care per resident per day and a minimum licensed nursing staffing of 1.0 hour of direct resident care per resident day. Based on the information provided in Schedule 6, the applicant’s projected staffing meets this requirement.

Conclusion:

This project appears to be financially feasible based on the projections provided by the applicant.

PruittHealth – Okaloosa County, LLC (CON application #10580):

Analysis:

The immediate and long-term financial feasibility of the project is tied to expected profitability. The purpose of our analysis for this section is to evaluate the reasonableness of the applicant’s profitability projections and, ultimately, whether profitability is achievable for this project. Our analysis includes an evaluation of net revenue per patient day (NRPD), cost per patient day (CPD), nurse staffing ratios and profitability. We compared the NRPD, CPD and profitability to actual operating results from SNFs as reported on Medicaid cost reports (2016 and 2017 cost report years). For our comparison group, we selected skilled nursing facilities with similar Medicaid utilizations to the utilization projected by the applicant on a per patient day basis (PPD). Comparison group data was adjusted for inflation to match the second year projection (inflation factor was based on the New CMS Market Basket Price Index as published in the 3rd Quarter 2018, Health Care Cost Review).

NRPD, CPD and profitability or operating margin that fall within the group range are considered reasonable projections. Below is the result of our analysis.

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	PROJECTIONS PER APPLICANT		COMPARATIVE GROUP VALUES PPD		
	Total	PPD	Highest	Median	Lowest
Net Revenues	11,456,260	391	917	395	302
Total Expenses	10,991,842	375	829	385	214
Operating Income	464,418	16	150	8	-153
Operating Margin	4.05%		Comparative Group Values		
	Days	Percent	Highest	Median	Lowest
Occupancy	29,280	95.24%	97.23%	90.03%	50.09%
Medicaid	17,568	60.00%	69.77%	62.09%	49.96%
Medicare	10,614	36.25%	38.63%	18.64%	5.01%

Staffing:

Section 400.23(3)(a)(1), Florida Statutes, specifies a minimum certified nursing assistant staffing of 2.5 hours of direct care per resident per day and a minimum licensed nursing staffing of 1.0 hour of direct resident care per resident day. Based on the information provided in Schedule 6, the applicant’s projected staffing meets this requirement.

The projected NRPD, CPD, and profit fall within the group range and are considered reasonable. In addition, the total cost appears to include at least the minimum staffing required. Therefore, the overall profitability appears achievable.

Conclusion:

This project appears to be financially feasible based on the projections provided by the applicant.

- e. **Will the proposed project foster competition to promote quality and cost-effectiveness? ss. 408.035 (1)(e) and (g), Florida Statutes.**

For both applicants, **JDM Health Services, LLC (CON application #10579)** and **PruittHealth – Okaloosa County, LLC (CON application #10580)**:

Analysis:

Strictly, from a financial perspective, the type of competition that would result in increased efficiencies, service, and quality is limited in health care. Cost-effectiveness through competition is typically achieved via a combination of competitive pricing that forces more efficient cost to remain profitable and offering higher quality and additional services to attract patients from competitors. Since Medicare and Medicaid are the primary payers in the nursing home industry, price-based competition is limited. With a large portion of the revenue stream essentially fixed on a per patient basis, the available margin to increase quality and offer additional services is limited. In addition, competitive forces truly do not begin to take shape until existing business’ market share is threatened.

The publication of need in this area suggests that there is an unmet and untapped customer base for a new entrant to absorb. Since nursing home services are limited to available beds and the need formula, suggest excess capacity in the market to fill those beds, the impact on market share would be limited. The combination of the existing health care system's barrier to price-based competition via fixed price payers and the existence of unmet need in the district limits any significant gains in cost-effectiveness and quality that would be generated from competition.

Conclusion:

These projects are not likely to have a material impact on competition to promote quality and cost-effectiveness.

f. Are the proposed costs and methods of construction reasonable? Do they comply with statutory and rule requirements? ss. 408.035 (1) (h), Florida Statutes; Ch. 59A-4, Florida Administrative Code.

The plans submitted with these applications were schematic in detail with the expectation that they will be necessarily revised and refined prior to being submitted for full plan review. The architectural review of these applications shall not be construed as an in-depth effort to determine complete compliance with all applicable codes and standards. The final responsibility for facility compliance ultimately rests with the applicant owner. Approval from the Agency for Health Care Administration's Office of Plans and Construction is required before the commencement of any construction.

JDM Health Services, LLC (CON application #10579): The applicant has submitted all information and documentation necessary to demonstrate compliance with the architectural review criteria. The project completion forecast for the proposed project provided in Schedule 10 appears to be reasonable. A review of the architectural plans, narratives and other supporting documents revealed a serious deficiency that will require modifications to the plans which are likely to have a significant impact on construction costs. The design uses a side-by-side semi-private bedroom layout that does not provide visual access to a window for the in-board resident when the privacy curtain of the out-board resident is drawn closed as required by Florida Building Code Section 450.3.2.5. The correction of this deficiency will require a significant redesign or a reduction of the number of beds requested.

PruittHealth – Okaloosa County, LLC (CON application #10580): The applicant has submitted all information and documentation necessary to demonstrate compliance with the architectural review

criteria. The cost estimate for the proposed project provided in Schedule 9, Table A and the project completion forecast provided in Schedule 10 appear to be reasonable. A review of the architectural plans, narratives and other supporting documents did not reveal any deficiencies that are likely to have a significant impact on either construction costs or the proposed completion schedule.

- g. Does the applicant have a history of and propose the provision of health services to Medicaid patients and the medically indigent? Does the applicant propose to provide health services to Medicaid patients and the medically indigent? ss. 408.035 (1) (i), Florida Statutes.**

A five-year history of Medicaid patient days and occupancy rates for the subdistrict, district and state is provided in the following table.

Medicaid Patient Days and Medicaid Occupancy Subdistrict 1-2, District 1 and Florida					
Medicaid Patient Days					
Area	2014	2015	2016	2017	2018
Subdistrict 1-2	167,736	169,281	179,879	173,523	187,463
District 1	670,062	672,406	683,541	682,860	697,012
Florida	15,932,613	15,959,939	16,144,618	15,990,448	15,937,814
Medicaid Occupancy					
Area	2014	2015	2016	2017	2018
Subdistrict 1-2	60.61%	60.88%	63.91%	64.24%	65.51%
District 1	63.40%	63.28%	64.82%	65.20%	65.14%
Florida	62.17%	62.18%	63.13%	63.18%	63.92%

Source: Florida Nursing Home Utilization by District and Subdistrict, April 2015 - April 2019 Batching Cycles. Dates correspond to the year ending on December 31st of each respective year.

JDM Health Services, LLC (CON application #10579) is a newly formed, development stage entity and therefore does not have a historical Medicaid record to discuss for this application.

Mr. S. Duane Gallagher, the authorized representative of the proposed project and the stated owner/operator of Subdistrict 1-2's The Manor at Blue Water Bay, had total Medicaid patient days and percent of Medicaid patient days, for the five-year period ending December 31, 2018 as shown below:

**The Manor at Blue Water Bay Historical Reported Medicaid Patient Days and Medicaid Percent of Total Patient Days
CYs 2014-2018**

	CY 2014	CY 2015	CY 2016	CY 2017	CY 2018
Medicaid Patient Days	18,784	17,511	19,716	20,387	19,093
Percent of Patient Days	45.45%	43.35%	47.71%	49.89%	45.86%

Source: Florida Nursing Home Bed Need Projections by District and Subdistrict, April 2015 - April 2019 Batching Cycles

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JDMHS provides a table of the forecasted utilization by payer type for year one (2022) and in year two (2023). See the table below.

**Forecasted Utilization for 84-Bed Nursing Home
Resident Days and Admits
Year One (2022) and Year Two (2023)**

Payer	Year One		Year Two	
	Days	Percent	Days	Percent
Medicare Part A	5,430	35%	10,864	40%
Medicare Managed Care	565	4%	1,086	4%
Medicaid	6,027	39%	12,222	45%
Self-Pay	3,087	20%	2,444	9%
Other	279	2%	543	2%
Total	15,388	100%	27,159	100%

Payer	Year One		Year Two	
	Admits	ADC	Admits	ADC
Medicare Part A	272	15	544	29.7
Medicare Managed Care	32	2	61	2.98
Medicaid	17	17	34	33.48
Self-Pay	52	8	41	6.70
Other	5	1	10	1.49
Total	378	42	690	74

Source: CON application #10579, page ix, Table PS-3, page 1-13, Table 1-5 and page 9-1, Table 9-1

The reviewer notes that, for convenience, the above table was previously shown in item E.1.a. of this report.

The reviewer notes the patient days and admits, by payer source, in year one and in year two, as shown in the table above, are consistent with CON application #10579, Schedule 7 (the reviewer notes that the patient day percentages are rounded to the nearest whole number).

The applicant does not condition approval of the proposal to a minimum provision or any provision of Medicaid/Medicaid HMO or charity care.

PruittHealth – Okaloosa County, LLC (CON application #10580) is a newly formed, development stage entity and therefore does not have a historical Medicaid record to discuss for this application.

PHOC asserts that the proposed project will enhance quality of care for lower income persons, disadvantaged persons and the elderly and will meet the intent of the Access Criteria in the proposed facility.

PruittHealth states the use of its own data to reflect Medicaid patient days and the percent of Medicaid patient days, CY 2014 thru CY 2018, among PruittHealth facility affiliates. See the table below.

**PruittHealth Affiliated Facilities Historical Commitment to Medicaid Patients and Medicaid Percent of Total Patient Days
CYs 2014-2018**

	CY 2014	CY 2015	CY 2016	CY 2017	CY 2018
Medicaid Patient Days	2,143,023	2,180,936	2,240,549	2,237,583	2,289,638
Percent of Patient Days	64.8%	64.1%	64.8%	62.8%	64.3%

Source: CON application #10580, page 219

As indicated in item C of this report, PruittHealth’s community nursing home PruittHealth-Santa Rosa is the only PruittHealth SNF in Florida that has an operational history for a five-year period. The Agency notes that PruittHealth-Santa Rosa’s total Medicaid patient days and percent of Medicaid patient days, for the five-year period ending December 31, 2018 are shown below:

**PruittHealth-Santa Rosa Historical Reported Medicaid Patient Days
Medicaid Percent of Total Patient Days
CYs 2014-2018**

	CY 2014	CY 2015	CY 2016	CY 2017	CY 2018
Medicaid Patient Days	28,083	28,141	28,360	28,352	25,920
Percent of Patient Days	68.48%	68.91%	67.89%	68.11%	63.28%

Source: Florida Nursing Home Bed Need Projections by District and Subdistrict, April 2015 – April 2019
Batching Cycles

PHOC maintains that PruittHealth will not discriminate against anyone based on race, sex, religion, national origin, physical handicap, or diagnosis, payment source, and/or any other circumstance or physical condition which classify the individual as underserved and thereby demonstrates its commitment to serving the medically indigent population of the service area.

The reviewer generates a portion of the applicant’s Schedule 7 for year one (ending 3/31/2023) and for year two (ending 3/31/2024) to account for expected total patient days and percent of total patient days, by payor source. See the table below.

**PruittHealth – Okaloosa County, LLC / CON application #10580
Year One (ending 3/31/2023) and Year Two (ending 3/31/2024)
Patient Days by Payor Source
84-Bed Proposed Facility**

Payor Source	Total Patient Days Year One Ending 3/31/2023	Percent Patient Days Year One Ending 3/31/2023	Total Patient Days Year Two Ending 3/31/2024	Percent Patient Days Year Two Ending 3/31/2024
Medicaid	7,225	61.2%	17,568	60.0%
Medicare	3,268	27.7%	9,882	33.8%
Medicare HMO	364	3.1%	732	2.5%
Self-Pay	700	5.9%	732	2.5%
Other Payers-VA	243	2.0%	366	1.0%
Total	11,800	100.0%	29,280	100.0%

Source: CON application #10580, Schedule 7

The applicant does not condition approval of the proposal to a minimum provision or any provision of Medicaid/Medicaid HMO or charity care.

F. SUMMARY

JDM Health Services, LLC (CON application #10579) is a newly formed, development stage, for-profit Florida entity that proposes to construct a new 84-bed community nursing home in Subdistrict 1-2. The 84-bed need was achieved by aggregating the 25-bed published need from Subdistrict 1-1 (Escambia and Santa Rosa Counties) and adding this aggregation to the 59-bed published need in contiguous Subdistrict 1-2. The placement of the proposed project is in the subdistrict with the greatest numeric need – Subdistrict 1-2. The proposal is consistent with Rule 59C-1.036(3)(e)1., Florida Administrative Code.

JDMHS states a proposed project location in ZIP Code 32579 in the Shalimar area.

The authorized representative of the proposal, Mr. S. Duane Gallagher, owns/operates a Florida SNF in Subdistrict 1-2 (The Manor at Blue Water Bay) and manages a Florida SNF in Subdistrict 2-2 (Community Health and Rehabilitation Center).

The total project cost is \$17,193,800. The project includes 55,521 GSF of new construction. The total construction cost is \$10,283,500. The project cost includes land, building, equipment, project development, financing and start-up costs.

The applicant conditions approval of the proposal to five Schedule C Conditions.

PruittHealth – Okaloosa County, LLC (CON application #10580) is a newly formed, development stage, for-profit Florida entity that proposes to construct a new 84-bed (100 percent all private rooms) community nursing home in Subdistrict 1-2. The 84-bed need was achieved by aggregating the 25-bed published need from Subdistrict 1-1 and adding this aggregation to the 59-bed published need in contiguous Subdistrict 1-2. The placement of the proposed project is in the subdistrict with the greatest numeric need – Subdistrict 1-2. The proposal is consistent with Rule 59C-1.036(3)(e)1., Florida Administrative Code.

Other than locating in Okaloosa County, the applicant offers no more precise or approximate project location. However, the planned proposal is indicated to be similar in function, style and technology to the affiliate SNFs - PruittHealth - Panama City and PruittHealth - Fleming Island.

CON Action Numbers: 10579 and 10580

The ultimate parent is UHS which is the parent to more than 100 long-term SNFs and ALFs. PH will provide all administrative related services to PHOC. PH was formed in 1969 in the State of Georgia and currently operates SNFs in Florida, Georgia, North Carolina and South Carolina. Specific to Florida, PH currently operates three Florida SNFs.

The total project cost is \$21,037,554. The project includes 76,785 GSF of new construction. The total construction cost is \$12,712,770. The project cost includes land, building, equipment, project development, financing and start-up costs.

The applicant conditions approval of the proposal to 17* Schedule C Conditions. *The total number of conditions offered is 18. However, one condition (Condition #6) is excluded due to the provisions of Section 408.043 (4) Florida Statutes.

Need

In Volume 45, Number 62, of the Florida Administrative Register dated March 29, 2019, need for 59 community nursing home beds was published in the fixed need pool for Subdistrict 1-2 for the January 2022 Planning Horizon.

As of May 15, 2019 (the application deadline for the Other Beds and Programs: 1st Batching Cycle-2019), Subdistrict 1-2 had 899 licensed and no approved community nursing home beds. During the 12-month period ending December 31, 2019 Subdistrict 1-2 experienced 87.21 percent utilization at eight existing community nursing homes.

JDM Health Services, LLC (CON application #10579) states the following factors supporting the proposed project:

- No current SNF licensed/located in Zip Code 32579
- Zip Code 32579 being one of three Zip Codes in Okaloosa County that experienced a consistent increase in hospital to nursing home discharges (CY 2016 thru 2018)
- Zip Code 32579 is within a six-mile radius of the following hospitals (with letters of support from the CEOs of each):
 - Fort Walton Beach Medical Center
 - Twin Cities Hospital
- 48 private rooms to accommodate improved patient outcomes, particularly for patients with a hospital discharge to SNF diagnosis of sepsis or septicemia (conditions that could place existing residents at risk of acquiring infections) if no private room is available
- Limited or lack of access to bariatric care/services
- Limited or a lack of Parkinson's disease programming

CON Action Numbers: 10579 and 10580

- Okaloosa and Santa Rosa County age 65+ residents having a higher compound annual growth rate (by 2023) than Escambia County
- Conformity with the Health Care Access Criteria
- A high volume of letters of support in favor of the proposal, with particular attention to support from residents of the Air Force Enlisted Village, which has:
 - 352 independent living units now
 - Will add another 63 independent units in 2020
 - 75 assisted living units currently

PruittHealth – Okaloosa County, LLC (CON application #10580)

states the following factors supporting the proposed project:

- Historical occupancy rates of existing providers
- Less access to disease-specific programming and accommodations for Alzheimer’s dementia
- Limited accommodations for patients with obesity in need of bariatric care/services
- Limited access to nursing home beds for Medicaid long-term care population (particularly in private rooms)
- Historical hospital discharges to nursing homes by service line
- The growing elderly population who are the most likely users of nursing home services
- Changes in payors and the payor system
- The applicant will apply its knowledge of this market and expand upon existing PruittHealth relationships to effectively respond to the unique needs of the market
- Letters of support in favor of the proposal

Other need justification factors that PruittHealth presents as reasons to approve the project include:

- 100 percent private rooms and 1st all-private nursing facility in Okaloosa County
- 100 percent handicap accessible rooms
- 16-bed Alzheimer’s disease unit
- Two bariatric rooms/suites
- 60 percent of patient days to Medicaid long-term care enrollees in the second year
- State of the art rehab suite, extensively equipped to include a Hydroworx therapy pool
- Programs to reduce hospital readmissions that have already been successfully introduced in other PruittHealth facilities

CON Action Numbers: 10579 and 10580

- A commitment to technology, including PointRight, Smart Charting, Wanderguard, Careguard and electronic medical records
- Quality initiatives that have proven to have a demonstrable effect on the level of care provided from both a startup and a long-term perspective

The Agency has determined that within the context of the criteria specified in Section 408.035 (1), Florida Statutes, and Rule 59C-1.036, Florida Administrative Code, CON application # 10579 best satisfies the criteria. The Agency notes that the unique needs of the Shalimar area and the Air Force Enlisted Village within Okaloosa County, as demonstrated by CON application # 10579, illustrate the need for a SNF within the area as proposed. The Agency has determined that CON application # 10579 has demonstrated the ability to increase access and availability and enhance health care to the residents of the subdistrict with a quality operator of SNFs as the authorized representative of the proposed project who is significantly supported by the community.

Quality of Care

Each co-batched applicant demonstrates the ability to provide quality care.

JDM Health Services, LLC (CON application #10579) is a newly-formed/development-stage entity and therefore does not have a historical record available to document. However, of the applicant's mission, vision and core values, the applicant's many and wide-ranging letters of support are consistent with demonstrating the applicant's commitment to the stated core value of collaboration.

The applicant notes that quality assurance will be provided at the proposed facility through a QAPI, PIPs, PDSA projects and a CQI process. The applicant will use MatrixCare® for its electronic health record system.

Regarding hurricane preparedness, the applicant has recent and successful SNF resident and SNF staff evacuation and relocation experience in the Panhandle (due to the October 10, 2018 landfall of Hurricane Michael). The applicant also has on-hand tools/supplies/equipment/resources (including generators) available to the proposed project.

For the three-year period ending May 22, 2019, the two Florida SNFs owned/operated or managed by Mr. S. Duane Gallagher had a total of one substantiated complaint

PruittHealth – Okaloosa County, LLC (CON application #10580) is a newly-formed/development-stage entity and therefore does not have a historical record available to document. The applicant states that implementation of this proposal will involve the development of all quality policies and procedures and a quality assurance program based on its other PruittHealth affiliated facilities throughout the southeastern United States. PHOC expresses a commitment to adhere to any and all State and Federal nursing home regulations and statutes in addition to Medicare’s Conditions of Participation.

PruittHealth maintains that its organizational experience and expertise in providing quality skilled nursing services is evidenced by the number of successful programs and quality assurance practices. The applicant describes how the quality program at PHOC will consist of assigned patient care managers, a care transition program, corporate standards, leadership and training, external benchmarking and awards, continuous process improvement, customer service and transparency. PHOC discusses the use of external benchmarking, the ABAQIS quality indicator program, internal reports, internal benchmarking tools like LTC TrendTracker and a PIP as a part of its quality assurance process that will be among several measures implemented as a part of the proposal.

For the three-year period ending May 22, 2019, the parent’s three Florida SNFs had a cumulative total of three substantiated complaints

Financial Feasibility/Availability of Funds

JDM Health Services, LLC (CON application #10579):

- Funding for this project is in question
- This project appears to be financially feasible based on the projections provided by the applicant
- Based on the information in Schedule 6, the applicant’s projected staffing meets requirements
- This project is not likely to have a material impact on competition to promote quality and cost-effectiveness

PruittHealth – Okaloosa County, LLC CON application #10580):

- Funding for this project is likely but not guaranteed
- This project appears to be financially feasible based on the projections provided by the applicant
- Based on the information in Schedule 6, the proposal includes at least the minimum staffing required
- This project is not likely to have a material impact on competition to promote quality and cost-effectiveness

Medicaid/Charity Care

JDM Health Services, LLC (CON application #10579) forecasts for the entire proposed 84-bed project:

- Medicaid and self-pay will account for 39 percent and two percent, respectively, total annual patient days in year one (ending December 31, 2022)
- Medicaid and self-pay will account for 45 percent and two percent, respectively, total annual patient days in year two (ending December 31, 2023)

The applicant does not condition approval of the proposal to a minimum provision or any provision of Medicaid/Medicaid HMO or charity care.

PruittHealth – Okaloosa County, LLC (CON application #10580) forecasts for the entire proposed 84-bed project:

- Medicaid and self-Pay will account for 61.2 percent and 2.0 percent, respectively, total annual patient days in year one (ending March 31, 2023)
- Medicaid and self-pay will account for 60.0 percent and 2.0 percent, respectively, total annual patient days in year two (ending March 31, 2024)

The applicant does not condition approval of the proposal to a minimum provision or any provision of Medicaid/Medicaid HMO or charity care.

Architectural

JDM Health Services, LLC (CON application #10579):

- The applicant submitted all information and documentation necessary to demonstrate compliance with the architectural review criteria
- The project completion forecast for the proposed project provided in Schedule 10 appears to be reasonable
- A review of the architectural plans, narratives and other supporting documents revealed a serious deficiency that will require modifications to the plans which are likely to have a significant impact on construction costs

PruittHealth – Okaloosa County, LLC (CON application #10580):

- The applicant submitted all information and documentation necessary to demonstrate compliance with the architectural review criteria
- The cost estimate for the proposed project provided in Schedule 9, Table A and the project completion forecast provided in Schedule 10 appear to be reasonable
- A review of the architectural plans, narratives and other supporting documents did not reveal any deficiencies that are likely to have a significant impact on either construction costs or the proposed completion schedule

G. RECOMMENDATION

Approve CON #10579 to establish a new 84-bed community nursing home in District 1, Subdistrict 2, Okaloosa County. The total project cost is \$17,193,800. The project involves 55,521 GSF of new construction and a construction cost of \$10,283,500.

CONDITIONS:

1. Locate within the Shalimar zip code, 32579, proximate to the Air Force Enlisted Village, a retirement community of independent and assisted living residences.
2. Contain two bariatric rooms.
3. Provide a Parkinson’s disease program.
4. Offer 48 private rooms.
5. Contain an Activities of Daily Living suite within the Therapy Department.

Deny CON #10580.

AUTHORIZATION FOR AGENCY ACTION

Authorized representatives of the Agency for Health Care Administration adopted the recommendation contained herein and released the State Agency Action Report.

DATE: _____

Marisol Fitch
Health Administration Services Manager
Certificate of Need